



December 18, 2006

President

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Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
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RE: State E-Rate Coordinators Alliance Petition, CC Docket 02-6

Vice President

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Dear Ms. Dortch,

Treasurer

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This is to inform you that the NASTD – Technology Professionals Serving State Government – has formally endorsed the petition for clarification or waiver filed by the State E-rate Coordinators' Alliance (SECA) in the matter of contract extensions as related to state master contracts.

Immediate Past President

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Many schools and libraries purchase their telecommunications services from existing State Master Contracts. Their small size and limited resources make this a practical necessity; indeed, the leverage and economies of scale that only the State can furnish to its local constituencies (cities and counties) were a primary motivation for the master contract program. The State Telecommunication Networks (STNs) depend on high volume usage for efficiency. By aggregating statewide demand, STNs are able to obtain significant volume discounts from the carriers and other vendors with which they contract. The pricing advantages available to schools and libraries through STNs further leverage competitive pricing and advanced telecommunications service; a primary objective of providing access to advanced telecommunications services for eligible entities under Sec. 254(h) of the Telecommunications Act of 1996. The Commission recognized state master contracts as mechanisms allowing the prices of services available through STNs to serve as pre-discount prices that eligible schools and libraries may use to calculate their discounts under the funding mechanism adopted in the Commission's May 8, 1997 Report and Order in CC Docket 96-45.

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Under current procedures, states may be forced to bid or rebid state master contracts in order to conform to E-Rate program schedules. It would be more efficient, and could lead to improved pricing for the states, the school districts and public libraries served by state master contracts, if those contracts could be bid on a schedule that is based on sound business practices, the needs of the individual state, and adherence to state procurement guidelines.

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NASTD has addressed this issue in previous filings with the Commission. In January 1998 NASTD supported the Florida DMS motion and its request that renewal options, which are part of competitively bid master contracts, should not be included in the term "voluntary extensions", 47 C.F.R. § 54.511(d). NASTD comments addressed the issue of state master contracts and competitive bidding again in a letter to the FCC dated October 17, 2005.

The FCC, in the December 1997 Fourth Order on Reconsideration, recognized the important role that state networks play in aggregating service requests and driving down the pre-discount costs for services. The SLD should recognize the many procedures that states have in place to prevent waste, fraud, and abuse. Such procedures exist to protect the states' interests, which extend beyond the E-rate program. These include: creating master contracts, which are subject to rigorous competitive procurement processes that are easily auditable by both state and federal auditors; suspension, debarment or contract termination as permitted; providing training to applicants on the acceptable (and unacceptable) practices that service providers and applicants can follow; and creating a technology platform for the state (which can not only drive costs down – based on volume purchases, but which can also eliminate some of the “gold-plating” that exists when applicants purchase far more technology than they can reasonably use) and offer a more uniform opportunity for implementing advanced telecom services across the state. Typically the state master contracts endure a long procurement cycle and offer services over a longer multi-year term, spanning multiple program years.

NASTD believes state and local procurement processes should govern competitive bidding in each state. Each state has laws and procurement regulations that were designed and refined through years of effort by states and their legislatures. Individual states may have different rules when dealing with contract extensions. State and local law should be acknowledged as the final authority on this issue.

NASTD believes state contracts minimize the total costs of the USF program and deliver benefits promptly and accurately to eligible entities. NASTD firmly believes that a waiver of the contract extension requirements as outlined by the SLD will permit the STNs and other state agencies responsible for filing state master contracts to continue to serve current school and library users in the most practical manner and at favorable rates made possible by aggregation of many users of the state master contract.

NASTD encourages the FCC to grant SECA's petition for clarification or waiver in the matter of contract extensions as related to state master contracts.

Respectfully,

Kay Buck
President, NASTD